



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0096	Title:	Incentives for dentists
Primary Sponsor:	Hamilton, Robin	Status:	As Introduced

- | | | |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$72,200	\$72,200	\$72,830	\$73,476
State Special Revenue	\$0	\$14,358	\$29,358	\$49,358
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$43,584	\$44,456	\$45,345
Net Impact-General Fund Balance	<u>(\$72,200)</u>	<u>(\$72,200)</u>	<u>(\$72,830)</u>	<u>(\$73,476)</u>

Description of fiscal impact:

HB 96 would create a Montana Rural Dentist Student Loan Repayment Program that would provide dentists up to \$100,000 over five years for student loan repayment in return for practicing as dentists in specifically defined communities that are underserved and are experiencing dental service access problems.

FISCAL ANALYSIS

Assumptions:

1. With passage and approval of the bill in FY 2009, the earliest dental students would be assessed the new fee proposed in section two would be fall, 2010, which is state FY 2011.
2. Student support fees for FY 2011 for Western Interstate Commission for Higher Education (WICHE) and Minnesota (MN) Dental are \$22,700. These fees are assumed to remain the same in FY 2012 and FY 2013.
3. In FY 2011, a dental student loan repayment program would generate \$43,584 per year from student fees and would increase 2% per year thereafter. It is assumed the 12 existing dental slots between WICHE and

MN dental programs continue ($\$22,700 \times 16\% \times 12 \text{ students} = \$43,584$). These fees would be deposited into the state special revenue account as established in section 2 of the legislation.

4. Section 3(b) would provide administrative expenses of \$4,358, 10% of student fees collected ($\$43,584 \times 10\% = \$4,358$), and assumes an existing program manager spends about 198 hours per year on the program. Per the legislation, administrative costs could not be charged until the student fees are collected in FY 2011.
5. Dentists participating in the existing federal dental loan repayment program would not be eligible to participate in HB 96.
6. Starting in FY 2011, it is assumed one dentist would be eligible for loan repayment over five years, with \$10,000 being provided the first year, \$15,000 the second, \$20,000 the third year, \$25,000 the fourth, and \$30,000 the fifth year. In FY 2012, one additional dental participant is added to the loan program using the same graduated repayment increase over five years. In FY 2016, the same funding cycle would start again, staggering two dental participants one year apart, continuing the repayment program through FY 2021.

Dental Incentive Plan	FY 2011	FY 2012	FY 2013	FY 2014	Total Repayment/ Participant
New Dental Participants	1	1	0	0	
Total Participants	1	2	2	2	2
Repayment/Participant:					
Participant 1	10,000	15,000	20,000	25,000	70,000
Participant 2		10,000	15,000	20,000	45,000
Annual Loan Repayment	10,000	25,000	35,000	45,000	115,000

7. Section 4 of the legislation would create a dental extender program managed by the Montana Area Health Education Center at Montana State University-Bozeman. This activity would be funded by an on-going \$72,200 general fund appropriation contained in section 4 for each FY 2010 and FY 2011. The \$72,200 appropriation would provide \$25,200 for a 0.50 FTE to manage the program and \$2,800 for office expenses. Also, a total of \$44,200 in stipends is included, with stipends/travel for 20 students (\$37,000) and stipends to six community health center dental clinics (at \$1,200 each for a total of \$7,200 per year). The personal services expenditures are assumed to increase by 2.5% each year of the 2013 biennium.
8. Section 5 appropriates \$150,000 from the state general fund for FY 2011 for the purposes of the loan repayment program. As presented, it is unclear how the appropriation could be used. MCA 17-2-108 requires the expenditure of non-general fund sources prior to the use of general fund. State special revenue of sufficient amount is available to fund costs in FY 2011 and would be used prior to the \$150,000 general fund appropriation.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.50	0.50	0.50	0.50
<u>Expenditures:</u>				
Personal Services	\$25,200	\$25,200	\$25,830	\$26,476
Operating Expenses	\$2,800	\$2,800	\$2,800	\$2,800
Stipends	\$44,200	\$44,200	\$44,200	\$44,200
Administration Costs	\$0	\$4,358	\$4,445	\$4,534
Loan Repayments	\$0	\$10,000	\$25,000	\$35,000
TOTAL Expenditures	<u>\$72,200</u>	<u>\$86,558</u>	<u>\$102,275</u>	<u>\$113,010</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$72,200	\$72,200	\$72,830	\$73,476
State Special Revenue (02)	\$0	\$14,358	\$29,445	\$39,534
TOTAL Funding of Exp.	<u>\$72,200</u>	<u>\$86,558</u>	<u>\$102,275</u>	<u>\$113,010</u>
<u>Revenues:</u>				
State Special Revenue (02)	\$0	\$43,584	\$44,456	\$45,345
TOTAL Revenues	<u>\$0</u>	<u>\$43,584</u>	<u>\$44,456</u>	<u>\$45,345</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$72,200)	(\$72,200)	(\$72,830)	(\$73,476)
State Special Revenue (02)	\$0	\$29,226	\$15,011	\$5,811

Long-Term Impacts:

- HB 96 dental incentives will be capped at approximately 90% of the level of fees collected annually, or roughly \$40,000 per year, with a two percent projected increase each year on fees collected. With this level of program, a limit of two dentists at one time can receive state loan repayments.

Technical Notes:

- Section 5 of HB 96 appropriates \$150,000 from the general fund for the purposes in Section 3. It does not provide for a transfer of general fund into the state special revenue account. If the intent is to transfer to the general fund, the bill should be amended.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date



Dedication of Revenue 2011 Biennium

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**
 The Montana Students paying into the fund will receive preference for program participation; however, any dentist licensed to practice in Montana would qualify.
- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**
 A state special revenue fund clearly identifies the legislature intended the student fees to go towards educational loan repayments for dentists.
- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**
 No. As noted in the fiscal note, for FY 2011, HB 96 appropriates \$150,000 from the general fund for purposes described in section 3. It does not provide for a transfer of general fund into the state special revenue account, and therefore, use of \$150,000 is limited. Additionally, there are limits to how this funding is used due to state statute, which requires the expenditure of non-general fund sources prior to the use of general fund. This is reported in the technical note and the assumption sections of the fiscal note.
- d) **Does the need for this state special revenue provision still exist? ___Yes ___No (Explain)**
 Yes, since there are student fees assessed for a specific purpose, a state special revenue fund is appropriate.
- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**
 No. The OCHE office will still need to request appropriation from the legislature to run the program and the budget will be reviewed during the biennial budget process.
- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**
 Yes, the dedicated revenue would be used specifically to address the shortage of dentists in rural and underserved areas of Montana by providing loan repayment incentive to assist communities with recruitment and retention of dentists.
- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**
 See answer "d" above.